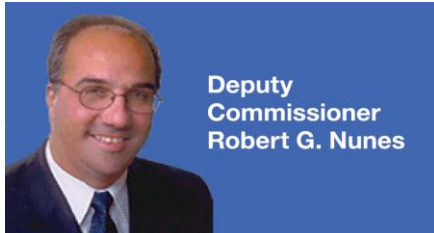


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City & Town

Amy Pitter, Commissioner • Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs



Deputy
Commissioner
Robert G. Nunes

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Editor: Dan Bertrand

Editorial Board: Robert Nunes, Robert Bliss, Zack Blake, Amy Handfield, Sandra Bruso and Patricia Hunt

Revised Recertification and Tax Rate Dates Released

DLS has recently published [Bulletin 2014-02B](#) which outlines a revised set of target dates for the submission of accurate and complete key data regarding recertification and setting of tax rates. I urge local officials to review these dates and to make any required adjustments in their calendars.

As the bulletin states, "the revised target dates reflect our analysis of information derived from internal reviews and stakeholder surveys about the certification and tax rate processes this year." In other words, these targets are not just for local officials, they are ours as well.

The revised target dates are for preliminary certification, public disclosure, final certification and submission of new growth, submission of the tax recap and mailing of tax bills for communities that bill either semi-annually or quarterly.

For instance, the new dates for communities that bill quarterly call for preliminary certification by September 15, public disclosure of the new property values by October 15, final certification by October 31, submission of new growth by November 5, submission of the tax recap by November 15 and the mailing of tax bills by December 31.

For those communities that perform regular semi-annual tax billing, preliminary certification should be complete by June 30, with public

disclosure on July 15, final certification by August 5, submission of new growth by August 15, submission of the tax recap by September 1, and the mailing of tax bills by September 30.

DLS has been analyzing data stored in Gateway's tracking systems regarding certification and the setting of tax rates. There is a lot of it, but a single data point really stands out. In December 2014, DLS approved 238 tax rates, which is precisely double the number set in the preceding four months.

We are examining steps we can take to smooth out this workflow to even a modest extent, which would allow for a less harried and more studied review and analysis of proposed tax rates, and will keep you informed.

As the bulletin makes clear, every triennial certification of property values and annual approval of tax rates requires written approval from DLS. We will continue to make every effort to accommodate communities, but we cannot guarantee that communities submitting key data after these target dates will receive final certification or have the tax rate set in sufficient time to mail their actual tax bills on time.

As I've said before, the setting of tax rates and the certification of property values are at the core of the DLS mission. These revised target dates are designed to give us the time we need to conduct fair and thorough reviews and to communicate in a timely manner with communities that need issues resolved before a tax rate can be set.

Robert G. Nunes
Deputy Commissioner and Director of Municipal Affairs
nunesr@dor.state.ma.us

Ask DLS

This edition of *Ask DLS* features frequently asked questions about motor vehicle excises. Please let us know if you have other areas of interest or send a question to cityandtown@dor.state.ma.us. We would like to hear from you.

Do owners pay a tax for their motor vehicles each year?

Yes. Owners of motor vehicles are assessed a motor vehicle excise or personal property tax each year. At one time, owners of motor vehicles were assessed a personal property tax by their city or town.

Most vehicles are registered, however, so in 1928, [G.L. c. 60A](#) was enacted and imposed a local excise in lieu of a personal property tax. An excise is a tax upon an event or privilege. In this case, the motor vehicle excise is imposed for the privilege of registration. It is not assessed for the use of the roads and monies collected from the excise are general fund revenues available to support municipal operations.

The motor vehicle excise is assessed on a calendar year basis. Registration of a vehicle during an excise calendar year automatically triggers assessment of an excise for that year. Therefore, an owner whose vehicle is registered on the January 1 of the calendar year, or at any time during that year, is subject to an excise. If the vehicle is unregistered on January 1, the owner is subject to personal property tax unless the vehicle is registered during the year. [G.L. c. 59, sect. 5\(35\)](#).

What governmental entity assesses the motor vehicle excise?

The excise is assessed to the registered owner of the vehicle by the city or town where the vehicle is customarily kept, as shown on the owner's application for registration to the Registry of Motor Vehicles (Form RMV-1). As a general rule, a vehicle is customarily kept in the city or town where the owner resides or has a principal place of business. If a vehicle is customarily garaged outside Massachusetts, the Commonwealth assesses the excise. [G.L. c. 60A, sect. 2](#).

How is the motor vehicle excise calculated?

The owner's motor vehicle excise is \$25 per \$1000 of excise value for the calendar year. The excise value for the year is calculated by applying the percentage fixed by [G.L. c. 60A, sect. 1](#) to the manufacturer's list price for vehicles of the same make, type, model, and year of manufacture. The percentage declines over several years until it reaches 10% of that list price in the fifth year after manufacture and all succeeding years for the life of the vehicle. The statutory percentages are:

<u>Excise Assessed for</u>	<u>Percentage</u>
Year before model year	50%
Model year	90%
Second year	60%
Third year	40%
Fourth year	25%
Fifth and following years	10%

Can the excise value be adjusted based on the condition or purchase price of a vehicle?

No. The excise is not an ad valorem or sales tax and therefore, it is not based on the current fair market value or purchase price of the particular vehicle. Instead, the values of vehicles for excise purposes are determined exclusively through the statutory formula under [G.L. c. 60A, sect. 1](#). Under that formula, all vehicles in the same classification (make, type, model, age) are valued the same based on the manufacturer's list price, which results in all owners of the same vehicle paying the same excise each year. A taxpayer does not have a right to an individual determination of value based on the current condition or actual purchase price of the vehicle. [Lily Transportation Corporation v. Board of Assessors of Medford](#), 427 Mass. 228 (1998).

Is there a minimum excise?

Yes. A motor vehicle excise must be at least \$5. [G.L. c. 60A, sect. 1](#). If the computed excise results in an excise less than \$5, the excise is \$5.

Group Homes, Occupancy, and the Charitable Exemption

Patricia Hunt, Esq. - Bureau of Municipal Finance Law

The Appellate Tax Board (ATB) recently held that the charitable exemption under [G.L. c. 59, sec. 5, Clause Third](#) applies to property owned by a charitable organization and occupied by a state agency in furtherance of the charitable mission of the charitable organization. [CIL Realty of Massachusetts, Inc. v. Board of Assessors of the Town of East Longmeadow](#), ATB Docket No. F314815 (July 2013). In so deciding, the ATB applied the 2012 ruling of the Supreme Judicial Court (SJC) in [Bridgewater State University Foundation v. Assessors of Bridgewater](#), 463 Mass. 154.

In the *Bridgewater* case, Bridgewater State University Foundation (the Foundation), a charitable organization, owned several properties occupied by Bridgewater State University (the University), a state agency. Some occupancies were governed by a lease; other occupancies were less formal. All occupancies were in furtherance of the University's educational mission. The Foundation was organized

and operated under [G.L. c. 15A, sec. 37](#), with its sole purpose to further the educational mission of the University. To be eligible for the charitable exemption under [G.L. c. 59, sec. 5, Clause Third](#), a property had to be owned and occupied by a charitable organization in furtherance of its charitable purposes. If not occupied by the owner-charity, the exemption would still apply if occupied by another charitable organization for the charitable purposes of the other organization. The Foundation applied to the assessors for a charitable exemption from the property tax. Because the property was not occupied by a charity, the assessors denied the exemption. The Foundation appealed.

After a decision for the Foundation (by the ATB), then for the town (by the Appeals Court), the SJC granted leave to review the case. There was no issue that the Foundation qualified as a charitable organization or that the properties were being used in furtherance of the Foundation's mission. The issue was that the properties were not occupied by the Foundation or another charity. In reviewing the facts, the SJC observed that if the Foundation itself physically occupied and used the properties in the same manner as the University, the properties would be exempt. Or if the University were a charitable organization, the properties would again be exempt due to occupancy "by another charitable organization...for the purposes of such other charitable organization." Or if the University itself owned the properties, the properties would be exempt under [G.L. c. 59, sec. 5, Clause Second](#) because the University is an agency of the Commonwealth. In deciding for the Foundation, the SJC stated that it "will not adopt a literal construction of a statute if the consequences of such construction are absurd or unreasonable." The court held that the charitable exemption applies to "properties that are owned by a foundation established pursuant to [G.L. c. 15A, sec. 37](#) and used by its affiliated public institution of higher education."

In the *CIL Realty* case, CIL owned property in East Longmeadow which it leased to the Mass. Department of Mental Retardation (DMR) for occupancy by DMR as a group home for disabled individuals. CIL applied for an exemption under [G.L. c. 59, sec. 5, Clause Third](#), which the East Longmeadow assessors denied. CIL appealed to the ATB. The ATB determined that the appeal is "factually and legally indistinguishable from *Bridgewater*" the subject property is owned by a charitable organization and occupied by a state agency in furtherance of the charitable mission of the owner. "CIL's charitable corporate purpose is to...provide qualified supported residential services, programs and environments to persons with physical or mental disabilities of low or moderate income throughout the State of Massachusetts by acquiring, owning, operating and

leasing real estate to non-profit organizations and to state agencies." As in *Bridgewater*, the exemption would be clear if either: "1.) CIL occupied the subject property; 2.) DMR owned and occupied the property; or 3.) DMR was a charitable organization rather than a state agency. Given these facts, a denial of the Clause Third exemption to CIL's property would be just the type of 'absurd and unreasonable' result that the (*Bridgewater*) court rejected." The ATB decision in favor of the taxpayer was not appealed by the town.

Assessors should note that the *Bridgewater* decision will not necessarily result in a charitable exemption every time a charity leases its real property to a governmental entity or agency. When considering these types of exemption applications, assessors must still determine that the applicant qualifies as a charitable organization and owns the real estate. If so, the assessors must then determine that the purpose of the lease/occupancy by the governmental entity or agency is consistent with the charity's purpose, i.e., the governmental occupancy is tantamount to occupancy by the charity, enabling the charity to carry out its charitable purpose. For example, if CIL had leased the property to the Mass. Department of Transportation (DOT) for storage space for highway construction equipment, DOT's occupancy would not be in furtherance of CIL's charitable purposes to "provide qualified supported residential services, programs and environments to persons with physical or mental disabilities of low or moderate income" and the property would, therefore, not qualify for exemption under [G.L. c. 59, sec. 5, Clause Third](#).

Updates to Certification Standards and Classification Codes

The Bureau of Local Assessment recently updated the [Certification Standards](#) and [Property Type Classification Codes](#) booklets. The last update occurred in March of 2012.

As indicated on the cover of the Property Type Classification Codes, the personal property section was updated. Assessors should read it in its entirety as it reflects changes to the law outlined in [Bulletin 2013-05B](#) issued November 2013 (*Revised Forms of List*).

Certification Standards required additional references to the

Certification Tab implemented last fall in *Gateway*. Specifically, it referenced the uploading of the Certification work plan and LA10 and Public Disclosure notices for communities conducting their triennial certification. A Certification Checklist on page CF-6-8 has been added that will assist the communities with required documentation and reports.

There is a new section on Condominium Data Collection regarding the requirements for field review when an upgrade to the existing CAMA system has been reduced to 25%. The recent bulletin, [2014-02B on Recertification and Tax Rate Target Dates](#), has been added on page A-1. With regard to Utility Valuation, references to recent decisions by the court on page A-16 have been updated and regarding the State Owned Land section, additional clarification has been added on page 18, but there have been no methodology changes.

If any assessor has any specific questions, please contact us at bladata@dor.state.ma.us.

March Municipal Calendar

March 1

DOR/MDM-TAB

Notification of Cherry Sheet Estimates for the Following Year (pending action taken by the Legislature)

The Cherry Sheet is an estimate of: 1) Receipts: local reimbursement and assistance programs as authorized by law and appropriated by the General Court; and 2) Assessments: state and county assessments and charges to local governments. All amounts listed on the Cherry Sheet are estimates. Actual receipts and charges are determined based on detailed formulas or guidelines for each program. Cherry Sheets are posted on the DLS website and updated at each juncture of the state

		budget process.
March 1	Personal Property Owner	Submit Form of List This is a listing of all personal property filed by the owner with the Assessors each year for the purpose of determining taxes in the next fiscal year. The return is due on or before March 1, but the deadline may be extended by the Assessors to a date no later than the date abatement applications are due.
March 1	Charitable Organization	Submit 3ABC Forms This is a return of property held for charitable purposes filed by a charitable organization with the Assessors each year in order to be eligible for exemption from taxation for the next fiscal year. The return is due on or before March 1, but the deadline may be extended by the Assessors to a date no later than the date abatement applications are due.
March 1	DOR/BLA	Filing Deadline for Telecommunications Forms of List
Final Day of Each Month	Treasurer	Notification of monthly local aid distribution. Click www.mass.gov/treasury/cash-management to view distribution breakdown.

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